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PROGRAMME PLANNING AND IMPLEMENTATION

Matters relating to the programming cycle

Request for "as if" LDC status from the Government of Albania

Note by the Administrator

I. BACKGROUND

1. Albania is a small country of 28,748 square kilometres, with a population of 3.2 million. It shares a 483 km border with the former Yugoslav Republic of Macedonia and a 280 km border with Greece. Italy is less than 80 kms away across the Strait of Otranto. Albania has a relatively homogenous population with a small Greek minority.

2. From 1944 to 1990, Albania followed a rigid Stalinist form of Communism. In 1990, Albania started to move towards democracy and a market-oriented economy. The transition has been a difficult one, marked by attempts at mass exodus to Italy and the collapse of all systems of production that has led to a need for massive food aid from the international community.

3. During the past two years, efforts have been made to introduce fundamental reforms. These include distribution of land, privatization, liberalization of trade, free press, rehabilitation of former political prisoners and freedom to travel. Current structural reforms, however, require increased regular development assistance, principally in the form of technical cooperation.

4. The Government is now facing a crisis. Unemployment has increased sharply and the real purchasing power of families is continuing to decrease. The per capita gross national product (GNP) of Albania has declined considerably from its 1989 level of $900. Although precise figures are not yet available, it is expected that the per capita GNP of Albania in 1992 or 1993 will fall below the threshold for least developed country (LDC) eligibility.

II. ALBANIA AND LDC CRITERIA

5. LDC status is determined through four main criteria: (a) population; (b) income; (c) quality of life; and (d) potential for economic diversification. The use of subsidiary criteria is also considered to allow appropriate flexibility to evaluate specific cases.

6. In assessing the Albanian situation against the criteria for LDC status, it is important to take into account the difficulty in obtaining accurate data, particularly for the years 1990 and earlier.

7. In its request for "as if" LDC status, the Government makes the case that sufficient criteria are met for Albania to be granted such status.

8. Addendum 1 to the present report contains the document prepared by the Government providing detailed information for the consideration of the Governing Council, including the best available data as of the end of 1992. The Government is also submitting an update of the document, which will be available as a conference room paper and will follow the methodology for determining LDC status.

III. CONCLUSIONS

9. The international community has in recent months responded to the extremely critical emergency in Albania by providing large quantities of food and humanitarian aid. UNDP has been among the first to respond positively to the Albanian call for supporting the transition by opening a field office in Tirana in August 1992. UNDP is committed to continuing its support to Albania.

10. The fourth country programme for Albania, currently being prepared will address: (a) the social dimension of economic and financial reforms; (b) consolidation of the democratic processes; and (c) the creation of a national management development capacity. The granting of "as if" LDC status to Albania would give the country access to increased UNDP and United Nations resources, including Special Programme Resources, which would greatly facilitate the Government's efforts to overcome the extraordinary difficulties the country is facing.

IV. RECOMMENDATION

11. The Administrator recommends that the Governing Council grant "as if" LDC status to Albania.